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*On the present Position of Friendly Societies in England and Wales.**By* SAMUEL BROWN, F.S.S., *Vice-President of the Institute of Actuaries.*

[Read before the Institute of Actuaries, Monday, 21st March, 1864, and printed by order of the Council.]

THE Friendly Societies, which are sometimes called Benefit Clubs, have for many hundred years been highly popular in England; not merely because they supplied one of the principal wants of the working classes—namely, relief in sickness or accidents which disable them from obtaining their usual wages—but because, by mutual association, they afforded some scope for the talents and sagacity of some of the members to be recognised and appreciated by others. But by the very nature of their composition they were deficient in the element of stability; and notwithstanding the best intentions of the members, the Societies have been constantly broken up and reformed.

Some few notices of Guilds, or Common Chests, may be found in early times, but of those now existing there are few Societies or Clubs that can date their origin back before the 17th century. From that time till within a few years they were in a very unsettled state. They were constantly being dissolved, leaving much misery and distress for those who, having begun early by their savings to make provision for the sickness and infirmity of advanced age, frequently found that the Funds became bankrupt just when the expected benefits were most needed.

This state of things, however, has altered for the better of late years; and it is chiefly due to the public spirit, the energy, and the abilities of the present Registrar of Friendly Societies, Mr. Tidd Pratt, that the change has been effected. He has taken the most efficient means, not only to aid by his counsel in the formation of new Clubs or Societies on sound principles, but, whenever occasion arose, to give such advice as would restore the faulty Societies to a healthy condition, or, if that was impossible, to divide the Funds equitably amongst the members, whilst there was still anything to divide.

Recent legislation.—Previous to 1855, different Parliamentary committees had been appointed to examine into several of the questions affecting the condition or management of Societies of so much importance to the welfare of the working classes. Very valuable information had been elicited, and some of the worst evils corrected. But in that year a new Act of Parliament was passed

(18 & 19 Vict., c. 63), by which all previous Acts relating to this subject were repealed, and their principal regulations embodied and formed into a new code of law. The Registrar of Friendly Societies has, since then, issued an Annual Report, full of the most interesting information as to these Societies and their existing state, with suggestions for their improvement and notices of any changes in the law during the preceding year likely to affect them. It is not too much to say that the advice thus given has been the principal means and source of their present improved condition.

After the passing of this Act, the objects of all Friendly Societies are described to be, to raise, by voluntary subscriptions, funds—

1. To provide a sum on the birth of a member's child, or on the death of a member, or for the funeral expenses of his wife or child.
2. To provide for the relief or maintenance of members, their wives or children, brothers or sisters, nephews or nieces, in old age, sickness or widowhood, or to secure endowments for members or their nominees—that is, sums payable on their attaining a given age.
3. For any purpose sanctioned by one of Her Majesty's Principal Secretaries of State, or, if in Scotland, by the Lord Advocate, to which, in their opinion, the benefits and provisions of this Act ought to be extended. But in order to limit the benefits to those classes for whom this legislation is specially intended, no member is allowed to subscribe for an annuity exceeding £30, or for a sum at death or any other contingency exceeding £200.

Under this latter clause the Secretary of State for the Home Department has already sanctioned Societies—

1. For assisting the members when compelled to travel in search of employment.
2. For temporary relief in distressed circumstances.
3. For relief or maintenance in blindness, lameness, or accident.
4. For the purchase of coals or other necessities.
5. Against loss by disease or death of cattle and horses employed in trade or agriculture.
6. To accumulate at interest, for the use of the members, the surplus fund which might happen to remain after providing for their assurance.

All these objects have a decided bearing on the welfare and self-improvement of the operative classes, and in no respect go beyond the general aim and principles of these Societies. The

special application, however, may depend upon circumstances which at different periods may make one scheme more useful or desirable than another.

It is particularly to be noticed that the legislation upon this subject is meant rather to be encouraging than imperative, and that it does not force existing Societies to register themselves. It rather offers them privileges and benefits which induce them voluntarily to place themselves under the protection of the law; and, by submitting to a few wholesome restrictions, to gain certain powers, which, whilst they enable them to act more freely in some respects, do at the same time confine them by such regulations as materially benefit both existing and future members.

The Act itself is intended to regulate newly-formed Societies, but by section 11 the Registrar is empowered, on receiving copies of the rules of any Provident, Benevolent, or Charitable Institution already constituted for the legal objects above described, to certify that they are not repugnant to law; and then the privileges of the Act may extend to them as if they had been Societies newly established under the Act.

By section 44, any Society, if not illegal according to the above description, even though uncertified, may (provided the rules be deposited with the Registrar) have disputes decided under the Act.

It was frequently found that one trustee of a Society might be permanently absent, or would refuse, either through fear of consequences or sometimes from evil purposes, to deal with the Funds invested in his name, as the objects of the Society required. Very great inconvenience resulted to the members, and the beneficial aims of the Society were thus completely frustrated. By the 11th section of the Act the Registrar is empowered to transfer, upon proper application, such of the Funds as were invested in the Bank of England or in Savings Banks, belonging to these Societies, into the names of other trustees, and thus restore the healthy action which the perversity of a single individual might have checked for many years.

Under each of these three heads the number of Societies applying in each year since 1854 is given and compared in the following Table (A) :—

TABLE A.—*Number of Friendly Societies of which the following facts are given in the Registrar's Report.*

	Rules Examined and Certified.	Alterations of Rules.	Total Certificates.	Rules deposited under Act 1 Aug., 1855.	Notices of Dissolution received.	Funds in Bank of England and Savings Banks trans- ferred to new Trustees under Act 1 Aug., 1855.
1 Aug., 1855 }						£
1856 }	..	..	1,133	81	..	12,400
1857 }	..	..	1,889	..	..	2,490
1858 }	..	..	2,165	36	58	1,467
1859 }	..	..	2,153	59	52	3,642
1860 }	1,100	1,140	2,240	50	70	1,152
1861 }	1,288	1,182	2,470	25	112	2,007
1862 }	1,277	1,277	2,554	19	137	1,614

In order effectually to carry out this great improvement in the law, the Registrar collected from the Clerks of the Peace, with whom they were deposited, several thousand rules of Societies which had previously existed or were in existence at the date of the Act. These were indexed, and forms of statements for showing the funds and effects of every Society, and the quinquennial returns of sickness and mortality to the 31st December, 1855, were forwarded to each.

Besides sending to every new Society a copy of the above-mentioned Act, the Registrar printed and circulated, free of expense, suggestions for the formation of Friendly Societies on a sound and permanent basis; together with the tables of contributions, which, being calculated upon recent experience, were likely the most effectually to carry out the objects proposed.

At the conclusion of his first Report, Mr. Tidd Pratt briefly enumerated and gave an analysis of the various Acts of Parliament passed since the 21st June, 1793 (33 Geo. III., c. 54), to the last quoted Act in 1855, which forms an admirable epitome of all the legislation which has been passed relative to Friendly Societies in England, but which would occupy too much space to recite here.

Description of Societies.—The first Societies were merely Benefit Clubs, but of late years some have been formed into an Order or Secret Society, to which only the initiated have admission, in imitation of the Freemasons. Amongst these may be mentioned:—

The Ancient Order of Foresters.
The Ancient Order of Shepherds.
The Independent Order of Rechabites.
The Independent Order of Odd Fellows.

The National Order of Odd Fellows.
 The Grand United Order of Odd Fellows.
 The Ancient Order of Romans.
 The Order of Ancient Druids.
 The Nelsonic Order of Crimson Oaks.
 The Sons of Temperance.
 The Order of Old Friends.

Some of these Orders, with the addition of the name of the town, constitute separate Societies of very great importance, as the Order of Odd Fellows, Manchester Unity, and the order of Odd Fellows, Salford Unity.

In 1856 the Manchester Unity of Odd Fellows comprised no less than

	In 1856. Number of Members.		In 1857. Number of Members.
	251,008	{ in 3145 Lodges or meeting places }	276,254
The Order of Foresters .	125,423, in 1823 Courts	.	135,000
The Grand United Lodge of Odd Fellows . . . }	40,029, in 800 Lodges	.	37,000
	<hr/> 416,460		<hr/> 448,254

so that these three Societies alone comprised nearly 450,000 members, and increased to the extent of more than 30,000 members in a year. Each single Society composing the Order manages its own affairs and pays its own sick members and for interments, but is repaid by a levy made over the whole district. They have also this great advantage over most of the smaller Societies, that when a member changes his residence, he can immediately transfer his subscriptions, and secure the same benefits in another branch, without delay or loss in the transfer. The greater part of these Societies described as lodges or courts make provision for the widows and orphans, and for their needy or unfortunate members. The districts elect delegates, who constitute the high officials; and no doubt this distinction of rank adds to the popularity of the Societies, by affording an object of ambition to some of the members. They have days of festivity, when the officials are distinguished by ceremonial dresses. The annual meeting of the Foresters is held in the Crystal Palace; and on some occasions more than 70,000 have been present at the same time in the building, its gardens and grounds: some of the officials assuming on the day the traditional dress of a Forester.

Previous to the Act of 1855, legal difficulties prevented the registration of the rules of the Orders; but since then a large

number have come in, and many more are yearly added to the list. Up to 1857, of the Manchester Unity of Odd Fellows, out of 3,198 lodges, 1,673 had been registered; and of the Ancient Orders of Foresters, out of 1,876 courts, 926 had been registered under the Act.

In almost all trades there are Trade Societies, the professed object of which is to keep up the rate of wages, to which is frequently added a Burial Fund. They are not enrolled or registered, as the object is clearly illegal, and contrary to sound policy, and cannot, therefore, receive the sanction of the Registrar's certificate. Some curious instances are afforded by them of the attempts of some of the members to interfere with the rights of labour of others; that is, their right of accepting such wages as they please, without reference to the trade in general.

In 1860, The United Broad Silk Weavers Society set a price upon all works in the trade, dealt in a summary manner with offenders, and used threats to enforce the enlistment of new members for these purposes.

The Metropolitan Society of Operative Millstone Builders decided that any builder, being a member, not agreeing to the terms prescribed by the Society, should not be allowed to work; nor would they recognise the right to have more than two apprentices to twelve skilled workmen in any workshop.

The brickmakers of Manchester, Salford, and their vicinities, were to agree that they would not make bricks of other dimensions than those specified in certain resolutions.

In these cases the Society gives what is called "turn-out pay" to those who are dismissed from or prevented from obtaining employment by their adhesion to these rules of the Society.

In the late strike in the building trades, many members of Friendly Societies were called upon to pay a small sum extra, weekly or monthly, to support men on strike; and the effect of refusal is such, that, as it appears by the facts given, very few escaped being compelled to subscribe, however reluctantly they consented to be so taxed.

In the Accident and Burial Society of Labourers, of which the rules had been duly certified, an "Incidental Fund" was afterwards formed, by the members being called upon to pay 1*d.* a week each; and part of the funds were applied in aid of a strike.

These attempts to combine the relief of the members in sickness or old age with this interference with the natural adjustment of the rate of wages between masters and workmen, are evidently abuses of the admirable system of self-help, and are deservedly discouraged by the Registrar, who invariably refuses his certificate for rules so contrary to the spirit and object of Friendly Societies.

In the list of these Societies some still remain which were established amongst the descendants of the Protestant refugees, who came over to England after the revocation of the Edict of Nantes in 1685, and settled principally in London. The refugees were mostly French Protestants from Normandy, Picardy, the Walloon country, and Paris; and these, with a few Germans, formed settlements in Spitalfields and Bethnal Green, where they introduced and carried on successfully for many years the business of silk-weaving, though the trade there has now fallen into comparative decay. Amongst the oldest remaining Societies are—

	Established.
(1) The Norman Society	1703
(2) The Society of Protestant Refugees from High and Low Normandy	1764
(3) The Society of Picards and Walloons	1765
(4) The Society of Lintot.	

They are amongst some of the oldest Friendly Societies in existence.

Duration of Societies.—From various causes Benefit Clubs are being constantly formed and, as a general rule, decay in a very few years. When the Registrar's returns were obtained in 1857, it appeared that, out of 3,073, from which answers as to the date of their establishment were received, only about 10 per cent. had been established for more than 40 years. The summary was as follows :—

10 years and under	485 Societies.
Above 10 „ 20 	1,187 „
„ 20 „ 30 	721 „
„ 30 „ 40 	301 „
„ 40 „ 50 	129 „
„ 50 „ 60 	100 „
„ 60 „ 70 	46 „
„ 70 „ 80 	41 „
„ 80 „ 90 	20 „
„ 90 „ 100 	23 „
„ 100 	20 „
Total	3,073 „

Number of Friendly Societies and of the Members.—In the abstract of returns of Friendly Societies for the five years ending 31st December, 1850, the Societies, to the number of 10,433, certified between 1828 and 1847 inclusive, and from which only 4,291 returns were obtained, showed 781,722 members, whose contributions for the year ending 8th July, 1847, had been £693,751; and the amount of money paid to them in the same period was £518,978.

After the Act of 1855, the Registrar endeavoured to obtain correct returns of the total number of Friendly Societies in existence, and to collect all the rules and alterations, in order to form a correct index for his future reference. The whole of the rules of more than 26,000 Societies, which had been enrolled or certified under the various Acts of Parliament since 1793 (33 Geo. III., c. 54), until December, 1855, were deposited under his control, and carefully registered. A copy of the form of annual statement required from time to time was sent to such of them as were supposed to be in existence, but only 6,000 were returned filled up. These returns, however, showed a decided improvement of late years in their condition and management, especially under the heads of relief in sickness and for small payments at death.

By December, 1857, 22,500 Societies had been indexed, and the forms sent out; but many of them were then found not to be in existence. About 2,000 were returned as dissolved, removed, &c.; and in some cases the forms might have been received, but not sent back.

By March, 1858, 5,940 returns, showing the condition of each Society in the preceding year, had come in, and others were being daily received. It should be remembered that these returns were entirely voluntary. The secretaries of the Societies were generally working men with little time to spare; not accustomed to fill up documents of the character required, and in some cases, perhaps, suspicious of the objects for which the inquiry was made.

It may be concluded, however, that, at the end of 1857, there were at least 20,000 of these Friendly Societies in existence enrolled and certified, besides many others not duly registered; that they comprised 2,000,000 members, and had a total amount of funds in hand equal to £9,000,000 sterling.

By 18 & 19 Vict., c. 63, sec. 45, the trustees of Friendly Societies are bound to send in annually a statement of their funds, &c., or their last annual accounts, by the end of the March following, but these returns are not very accurately made. In December,

1859, the Registrar sent out 20,052 copies of the required forms; but only 4,665 statements, and 1,488 annual accounts, were transmitted back within the specified time. By a more recent Act (23 & 24 Vict., c. 58, sec. 7) a fine of £1 is imposed for the non-performance of this duty, which the Registrar has power to sue for from the trustees. This will probably be sufficient to procure this information in future years.

The proportion of statements obtained is steadily increasing. In 1862 the annual returns or reports received were about 10,200, being 1,300 above those of the previous year, in reply to 21,433 applications sent out. The Registrar, in his last Report, gives a list, under the different counties of England and Wales, of the returns or reports received, with the name of each Society, its funds in hand, and the total number of members wherever they are stated; describing also the class of Society, whether "Friendly Society," "the Ancient Order of Foresters," "the Manchester Unity of Odd Fellows," "other Orders or Secret Societies," "Societies for providing burials only," "for granting annuities only," "composed of females only," "or of Sunday school children and teachers only."

TABLE B.—*Summary of the Returns of the Friendly Societies in England and Wales received by the Registrar previous to 1st June, 1863, showing the Total Funds and Number of Members in 1862.*

	Total Number of Returns.	Number of Societies in which the Number of Members only is given.	Total Number of Members given.	Number of Societies in which the Funds only are given.	Total Funds.
					£
Friendly Societies	4,690	3,929	990,329	4,535	2,953,322
Ancient Order of Foresters	1,364	1,106	113,763	1,327	404,574
Manchester Unity of } Odd Fellows }	1,655	1,481	175,193	1,634	1,096,615
Other Orders	1,189	1,017	92,559	1,152	358,001
Total of the above . .	8,898	7,533	1,371,844	8,648	£4,812,512
Societies for providing } Burials only }	181	143	278,305	176	70,480
Societies for granting } Annuities only }	22	14	2,438	22	304,491
Societies composed of } Females only }	338	278	28,292	331	119,101
Societies composed of } Sunday School Chil- dren & Teachers only }	55	49	10,475	54	19,691
	9,494	8,017	1,691,354	9,231	£5,326,275

In some of the returns the number of members is not given ; in others, the number of members, but not the funds ; so that it was necessary to correct the totals for each. Of the " Societies for providing burials only," the greater part are found in Lancashire ; 206,858 of the members, and £37,587 of the funds, being in the returns from thence. Of those for providing annuities, by far the largest proportion is in Devonshire, the returns from which show 1,844 out of the 2,438 members, and £249,658 out of the total funds of £304,491.

It will be safer, for the purpose of deducing an average, to take only the returns from Friendly Societies and the Orders together, which then show 7,553 Societies with 1,371,844 members, and 8,668 Societies possessing in funds £4,812,512. But from these should be deducted one Society in Middlesex and three in Lancashire, which together comprise 370,710 members and £66,651 funds, and which would, no doubt, swell the averages much beyond what could be computed on the number unreturned. The difference then shows 7,529 Societies, with 1,001,134 members, and 8,644 Societies with £4,745,861 funds, or an average of 133 members and nearly £550 funds for each Society.

Mr. Tidd Pratt states that the number of returns sent out was 21,433. Allowing that some of the Societies may have been dissolved, and some of the returns may relate to Burial, Annuity, and other Societies for special purposes, we may safely conclude there were 20,000 Friendly Societies (including the Lodges and Courts of the Orders), in existence at the end of 1862, and which, on the above averages, would give a total of more than 3,000,000 members, and at least £11,000,000 funds in hand.

A large amount of these funds is deposited in Savings Banks. On 20th November, 1862, out of a total of 1,557,571 deposits for £40,550,000, there were deposits by 11,829 Friendly Societies to the extent of £1,951,000, besides £2,042,000 by 565 Friendly Societies in direct account with the Commissioners for the Reduction of the National Debt ; showing nearly £4,000,000 due to Friendly Societies, besides a further considerable amount included in the £2,000,000, which about this time would probably be the amount of deposits in the Post Office Savings Banks. It is generally considered that the Savings Banks indicate chiefly the savings of the labouring classes ; and if to the above totals we add the balance in the returns of Friendly Societies actually given, or as estimated for those not received, there stands the very creditable sum of upwards of £50,000,000 accumulated, out of their hard-

earned wages, by the prudence and self-denial of working men in England and Wales alone.

Sickness and mortality.—One of the most important questions in determining the actual position of a Friendly Society at any time is evidently the table, which, in the judgment of the actuary, ought to be used as most nearly representing its present and probable future rates of sickness and mortality. In the various collections of such facts which have been made at different times, great discrepancies will be found, arising partly from the different mode of obtaining them, partly from the peculiar regulations of the Societies whose experience has been brought together. Mr. Ansell arranged the collection of returns made for the Society for the Diffusion of Useful Knowledge, in 1828-9; but the returns, although furnished from every part of the country, comprise only 24,323 years of life, between the ages 20 and 70; and the results both of sickness and mortality are very irregular at each age, and even when corrected by combining together periods of five years of age, and taking the average for the mean age. This is stated to be the first original collection of data on this subject in England. Mr. Finlaison's Report on Life Annuities, in 1829, contains the experience of a London Friendly Society for six years, but which gave no information after the age of 60.

In 1840 Mr. Neison obtained a large number of facts relating to sickness and mortality amongst about 200,000 members, for a period of five years on the life of each, but they were in some respects defective, being merely voluntary returns made at the request of an individual, and not required by authority nor registered under the care and responsibility of official inspection.

They were, however, to a great extent, confirmed by the subsequent publication of the experience of the Manchester Unity of the Independent Order of Odd Fellows, by Mr. Radcliffe, the secretary, comprising about 600,000 years of life in the three years ending with 1848. The comparison of these with Mr. Neison's tables affords many novel and interesting results, especially as regards the effect of occupation on health.

We have not time or space, on this occasion, to analyze and compare the preceding data, but must confine ourselves to the last and most authentic collection of the experience of Friendly Societies obtained from the quinquennial returns to the 31st December, 1850, received by the Registrar of Friendly Societies in England. The reports and tables deduced therefrom by Mr. A. G. Finlaison, were presented, in accordance with an order of the House of Com-

mons, and ordered to be printed 16th August, 1853. In July, 1852, the Council of the Institute of Actuaries was consulted by the Registrar of Friendly Societies as to the necessity of further information; and, if they deemed it needful, whether the 40 columns containing these returns could be beneficially used for the purpose; also if they would consent to superintend the preparation of such data, and the computation of the tables; and, generally, they were requested to advise as to the manner in which the subject should be treated. The Council, in reply, expressed their opinion that such a valuable opportunity should not be lost for adding to our knowledge; and offered to undertake the public trust of analyzing the returns, and forming from them tables of the money values of allowances in sickness and sums at death.

The Lords of the Treasury, on considering the Report of the Registrar, thought they would be justified in incurring the expense for so great a public object; but, on the whole, considered it would be better that the task should be undertaken by the Government officials in the Department for Friendly Societies, and under the Commissioners for the Reduction of the National Debt.

Of the original facts, the general results are as follows:—

The total number included in the selected returns as liable to sickness, from the age 10 to 86, was 792,980; of these, 198,152 were returned as sick—very nearly 25 per cent. The average amount of sickness per annum to each person was 10·12 days, and the average sickness per annum to each person sick was 40·5 days. The recorded deaths were 9,977 (on 793,759), or 1·26 per cent.; whilst the exclusions or withdrawals were as high as 23,799, or 3 per cent. The rate of mortality is singularly low, which is to be accounted for in a great measure by the latter fact.

The few returns from Burial Clubs showed a much higher death rate. Those from Lancashire, which included children from one month old, gave, on an average number of 12,840 persons in each year, deaths 3·18 per cent.; and those from Kent, on an average of 5,987 in each year, deaths 1·85 per cent., including one Society in which children under age 14 were admitted.

The classes of “females,” “colliers,” “miners,” and “mariners,” were separated from the above abstracts, and the results shown by themselves.

Cases of superannuation were carefully examined, to ascertain whether it was a case of chronic sickness, or in the sense of a retirement on a pension for old age. Where it was a case under 60, set down as superannuated, but with a possibility of restoration

to health as a contributing member, it was classed under the head of sickness; and it is considered "that the sickness tabulated is the whole sickness that could be ascertained to be really such." This is one of the most difficult parts of the subject, and on which the Sick Clubs are exposed to the greatest danger above the age of 60. The tendency to obtain the large allowance for sickness, and to keep it permanently on slight pretences, requires the greatest vigilance to counteract, and I fear can only be successfully met by converting the sick pay, after 60 or 65, into a fixed pension of a fourth or fifth part of the sick allowance previous to that age, which is about the proportion which most of the tables of rates for sickness throughout life will be found to admit of.

There are, however, numerous Benefit Clubs in which the sick pay is continued throughout life, and which require in the valuations tables constructed on this principle. Mr. Higham, in a very useful paper in vol. vii. of the *Assurance Magazine*, has examined into this subject and given us a table showing the value of £1 a week in sickness for the whole of life, being an extension of Finlaison's Heavy Labour table. But I have found that most of the tables of rates for whole life sickness actually in use and certified by Mr. Griffith Davies, accord more nearly with Finlaison's General Table for sickness till age 65, and then a pension of about one-fifth the sick pay for the rest of life.

Mr. Finlaison has presented the facts relating to sickness in several different forms. In order to ascertain the effect of climate, he divided the whole returns into provinces or groups of districts. There is not so great a difference as might be expected, the metropolitan showing the smallest, 9·45 days; the manufacturing, 10·06 days; and the south-western the highest, 11·01 days of sickness per annum to each person living. The number of days in the other provinces lie between these rates. It seems well established, as a general rule, that wherever the susceptibility to attack is greatest, the duration of the sickness is least. This is briefly shown in the following little summary given in the excellent paper in the *Assurance Magazine*, vol. v., p. 6, by Mr. Henry Tompkins, who is deservedly mentioned by Mr. Finlaison for his ability and services in the preparation of these returns.

Province.	Number per Cent. taken sick.	Days of Sickness to each sick Person.	Days of Sickness to each Person liable.
Northern . .	min. 19·89	max. 50·38	10·02
Welsh . .	. 22·14	45·73	10·13
Manufacturing . .	. 22·34	45·02	10·06
Midland . .	max. 29·29	min. 36·37	10·65

The returns classified according to locality thus showed that very little influence was thereby exercised upon the rate of sickness; and a similar, though unexpected, result arises when they are examined in regard to density of population:—

	Number per Cent. taken Sick.	Days of Sickness to each sick Person.	Days of Sickness to each Person liable.
City	25·20	38·39	9·67
Town	24·63	42·25	10·40
Rural	25·14	39·96	10·05
England and Wales	24·99	40·48	10·12

Taking the city and the town districts together, and comparing them with the rural, there is evidently no great difference between either, nor in all three from the average of England and Wales.

The next inquiry, and one which is of the greatest interest, is what effect is produced upon the health of the operative classes by the nature of their occupation. In examining this question a novel and, to a certain extent, effective plan was adopted. Discarding the mere name of the occupation, which would have required some hundreds of subdivisions, all those classes which pursued different kinds of labour under somewhat similar circumstances as to protection from climate and exercise of physical strength, were brought together, and all occupations eventually reduced to four divisions—

Light and heavy labour without exposure to the weather,

Light and heavy labour with exposure to the weather;

whilst distinct classes were composed of miners, mariners, and females whose occupation could not be clearly ascertained.

It must be remarked that, in this subdivision, much must depend on the individual judgment with which the occupations have been grouped together; and that no light is thrown on the influence of a particular occupation on the health of the workmen engaged in it, whereby the special evils to which they may be subjected may be remedied, either in a sanitary or a medical point of view. But for the broad purpose of roughly estimating the liabilities of Friendly Societies, Mr. Finlaison appears to have made out his case by showing, in the following summary, that the widest margin in the three modes of subdivision is between light and heavy labour. At the age of 32, about which the members of Friendly Societies are found in greatest numbers, the days of sickness to 100 persons are—

	Heavy or Light Labour. Days.	Geographical Locality. Days.	City, Town, or Rural Districts. Days.
Maximum . .	755	1,100	1,040
Minimum . .	577	945	967
Difference	178	155	73

In contrast of labour the increase of sickness is 31 per cent., in contrast of climate only 16 per cent., and in density of population it is but $7\frac{1}{2}$ per cent.

Several attempts have been made to deduce from these and other returns of Friendly Societies some general law of sickness. Mr. Scratchley has given what he so calls, but it appears to me to be rather an ingenious way of correcting and adjusting a table by a uniform process in which the resulting table very nearly accords with the facts observed. This is not necessarily a law of sickness, which one is apt to consider must in some way or other be discovered in the relation of the rate of mortality to the living. Repeated attacks, or intensity of suffering from sickness in any population, would seem to indicate, by its effects on the human frame, a corresponding increase in the rate of mortality; and if a general law of sickness could be discovered, I think we should not be far off from discovering a general law of mortality. The nearest approach to this law appears at present to be some constant rate of mortality about the age when youth merges into the period of manhood, increasing by a geometrical ratio till the period of old age, and then by a higher geometrical ratio to the end of life.

Mr. Scratchley draws attention to the necessity of distinguishing between medical sickness and that against which Friendly Societies insure — namely, temporary inability to labour. He quotes a high medical authority “that no attack of acute *recoverable* sickness ever lasts longer than from six weeks to three months, and chronic *recoverable* sickness no longer than twelve months. Chronic *irrecoverable* sickness may, therefore, be held to be that which exceeds one year, or which a medical man, from the nature of the case, would certify to come under that denomination.”

On this principle, analyzing the experience of a great variety of Companies, he considers that he has discovered the true *law of sickness* to be as follows:—

- (1) That at the age of 15, when infantile diseases are past, there is a certain constant minimum rate of sickness to which human beings on the average are subject at every period of life, depending upon race, climate, &c.; and and that in the United Kingdom this constant seems to be between the limits of 5 and 7 days' sickness per annum.

(2) That at each age every individual is exposed to
An excess of sickness } increasing with { the sum of the excesses
over such constant } his years, and { in the 5th and 10th
sickness, } equal to { years preceding.

Or, in other words, it may be expressed as

The difference between the } equals { the difference between the rates
rate of sickness at any } of sickness for 5 and 15 years
age and that 5 years below } younger than the given age.

The resulting rates certainly accord very nearly with Mr. Finlaison's tables of the average rate of Friendly Societies in England and Wales, adjusted by taking the average of each 5 years of age for the middle year of the 5 years :—

Age.	RECOVERABLE SICKNESS.		Including irrecoverable Cases. New Law.
	New Law. Days' Sickness to each Person liable.	Government Returns, 1853.	
	Constant, 6·20.		
15	6·23	6·21	6·38
20	6·57	6·88	6·88
25	6·60	6·83	7·06
30	6·97	6·91	7·74
35	7·37	7·14	8·60
40	8·14	8·21	10·14
45	9·31	9·34	12·54
50	11·25	11·49	16·48
55	14·36	13·95	22·82
60	19·41	18·73	33·10
65	27·57	27·36	49·72
70	..	..	76·62
75	..	..	120·14
80	..	..	190·56
85	..	..	304·50

On the other hand, Mr. Edmonds, in a very interesting paper, which will be found inserted in the *Assurance Magazine*, vol. v., p. 127, contends that the present observations establish the fact of the identity between the constants of mortality and the constants of sickness; although the limiting age for the commencement of the period of old age for sickness or mortality differs widely in Finlaison's, Neison's, and Ratcliffe's observations, arising, no doubt, from the different treatment of the question of superannuation. Correcting these, he considers that the remarkable fact, that the mortality in Friendly Societies, at ages above 53, is given as 20 per cent. less than that for the total male population of England at these ages, may be explained by the omissions for the deaths corresponding to the true sickness included in the superannuation

cases. On the whole, the conclusion appears to be, that there is a specific relation between the sickness and mortality at any age, and the proportion is commonly found to be two years of sickness to one of death.

Mr. Edmonds had shown (in the *Lancet*), as far back as 1836, from observations then recently made, that the fatality of cases or attacks of sickness increased with the age, according to the law which regulates the increase of mortality and the increase of duration of sickness for each year of life. He then stated it to be "the inevitable consequence of the identity of the numbers regulating the proportion of the attacks of sickness to deaths, of duration of sickness to life, and of deaths to life at each age, that the number of annual attacks of sickness for a given number living was the same at all ages, and that the duration of each attack of sickness increased with the age in the same degree as the mortality increased.

The following comparison shows the near approximation by theory to three sets of observations:—

Ages.	MORTALITY PER CENT. PER ANNUM.			Theory. Limit at Age 53.	Ditto at Age 46.	Theory. Limit 53. Male Popula- tion of England.	SICKNESS, IN WEEKS, TO ONE YEAR OF LIFE.			Theory. Limit at Age 53.	Ditto. Limit at Age 46.
	Finlaison.	Neison	Ratcliffe.				Finlaison.	Neison.	Ratcliffe.		
25—35	·78	·77	·84	·76	·81	·96	·98	·91	·82	·90	·90
35—45	1·03	·95	1·08	1·03	1·09	1·28	1·18	1·21	1·10	1·21	1·21
45—55	1·54	1·47	1·83	1·40	1·81	1·75	1·68	2·02	1·91	1·65	2·09
55—65	2·75	2·57	3·70	2·62	3·87	3·28	2·84	4·39	4·62	3·09	4·51
65—75	5·74	5·79	..	5·65	8·34	7·06	6·76	14·77	10·24	6·66	9·71

Dr. Farr also, in the *Registrar-General's 12th Report*, concurs in the view of the constant relation of sickness to mortality, and deduces tables of money values on this theory, by assuming that the number of persons constantly sick is equal to twice the annual mortality by the English Life, No. 2, agreeing very nearly with, but rather less than, Mr. Finlaison's rates.

Mr. Benjamin Gompertz, F.R.S., also has, in a recent paper, shown the relation between sickness increasing with age and his celebrated theory of mortality, which has led to so much discussion lately in this Institute.

Allowing for the effect of selection of life at the younger ages, and the great number who withdrew soon after entering the Sick Clubs, this conclusion very well agrees, on the average, at different ages shown in the Government returns.

Age.	Deaths per Cent. of Living.	Weeks of Sickness to one Death.	Mean Ages.	Exclusions or Withdrawals per Cent.
20	·74	132	18	5·85
25	·71	138	23	5·25
30	·77	129	28	4·52
35	·83	123	33	3·51
40	1·03	113	38	2·62
45	1·21	110	43	1·94
50	1·50	110	48	1·43
55	2·03	98	53	1·20
60	2·61	102	58	·99
	Average	117		

From the above facts, which are given by Mr. Tompkins, it would appear that the withdrawals at early ages are as high as nearly 6 per cent., and gradually diminish, till within the period 55 to 60 they become about 1 per cent.; thus particularly affecting the rate of mortality at the younger ages. The weeks of sickness to one death at each age begin from 132 at age 20 to about 100 at age 60, or, on an average, 2·25 years of sickness to each death.

I have given the leading features of these, the most recent tables of observation as to the experience of sickness and mortality in Friendly Societies, because by them and the tables of money values deduced from them we have the means of ascertaining with sufficient accuracy the position of any Benefit Club or Friendly Society submitted to the test of valuation. It must be admitted, that amongst the 20,000 Societies some are certainly insolvent; but, as a general rule, this result may be attributed to the ignorance of the managers of the real risks to which they stand liable until the inadequacy of the Funds is forced upon their notice by the gradually increasing claims. It does not at all follow that the Clubs are reduced to this condition by fraudulent intention. On the contrary, I gather from the very able and interesting Reports of Mr. Tidd Pratt, since 1855, that there is a very earnest desire amongst the managers or members to ascertain their real condition, and to avail themselves of such legal privileges as are offered to them to better their condition. A glance at the steadily increasing number of the rules and alterations of rules examined and certified by the Registrar, as shown in Table A, is sufficient to strengthen this conviction. Even the increasing number of notices of dissolution is not to be looked upon as an unhealthy state of affairs. On the contrary, it has come within my own experience, and that, I dare say, of many other actuaries, that the dissolution of a

Society is frequently effected with a view of remodelling and starting afresh under better regulations, and with rates of premium such as increased knowledge has shown to be necessary for the risks which they have to incur.

It is to be regretted that so many continually break up, and that so many more may have to do so before the whole status of these Societies can be considered sound and wholesome. But, for many years past, the enlightened legislation on this subject, and the earnest and public spirited efforts of the Registrar, the judicious advice which his long experience has enabled him to give, and the general good sense of the managers themselves, have been effecting a silent though perceptible improvement throughout the country.

The principal causes of failures, in the greater number of cases, are—

1. *The small number of members*—whereby the liabilities under sickness and death pay fall with great irregularity. In prosperous years, the members find a larger surplus than they expected, and divide it, forgetting that one or two extra cases in the following year, which only make up the average, may sweep away all the previous reserves.

2. *Inadequate premiums.*—Even the experience of competent persons, who have studied this subject, may be at fault, from the great difficulty of adapting our knowledge to the local or peculiar circumstances, and the probable occupation or habits of the members. But great numbers of Societies have been formed without any professional advice at all. The founders have probably selected the rates of some neighbouring Society; and either altered or reduced them to suit, as they think, their own case, of which it is not unnatural to suppose they generally take too favourable a view. For a few years, with young and newly-selected lives, and, as we have seen, great numbers of withdrawals, all goes on too favourably. As the Society advances in age, and the body of members grows older, the claims both under sickness and mortality increase, and then the managers come for advice, and find, when it is too late, that the premiums have been insufficient from the commencement. The younger members, unwilling now to pay up for the advantage of the old, the older resisting the reduction of their benefits, which they consider have been promised to them, nothing remains but to dissolve the Society, and share the remaining funds as fairly as possible.

3. *The ignorance of the members of the extent to which the surplus of premiums ought to be accumulated in early years, to meet the requirements of advanced age.*—Notwithstanding the number of

withdrawals, some members are left every year with advanced age, approaching the time when the losses increase rapidly. Mr. Finlaison's tables show that the average amount of sickness, on the whole, does not exhibit a very marked increase from the age of 18 to 35. It is even at a minimum at age 32. But the duration of sickness regularly increases with the age, and the mortality bears a constant ratio to the duration of sickness, so that at the older ages the claims fall on the Society with a rapidity and certainty which members did not expect, and for which they have consequently not prepared.

4. *The difficulty of distinguishing at ages above 60 between superannuation and true sickness.*—The effect of this is, that the old members, instead of receiving only the reduced rate which their premiums would afford from and after a given age, continue to draw the high sickness rates in a larger proportion than any tables of observation would admit. This is the frequent cause of failure of the old Benefit Societies in which the sick pay is continued throughout life. In forming a new Society, or in reconstituting an old one on improved principles, it has always been with me a main object to persuade the members to adopt the limit of 60 or 65 for sick pay, and then to commence a deferred life annuity for so much as the difference in their rates of contribution will permit.

5. *The very objectionable practice of holding the monthly or other periodical meetings in public houses and under the influence of the publican.*—The Registrar has accumulated such a mass of evidence of the evil effects of this practice, that it is to be hoped the attention of the Clubs themselves is now drawn to it. One of the principal results is naturally the expenditure of the funds of absent members for the indulgence of those present. The restriction of each member to pay individually for what he consumed would soon check the practice. But that would not answer the object of the publican. In one instance, in three years 258 gallons of beer were consumed at the quarterly meetings from the funds of the Society, numbering 120 members. In another case, to avoid the legal objections, 5 per cent. of the gross income was paid to a landlord for rent, who returned part in liquor. In another case, 2*d.* monthly from each member was charged for general expenses, but these were paid out of the general fund, and the 2*d.* taken for beer for the members present. A collector writes that, in another Club, in which £10 a week came in, there was a rule that the expenses should not exceed 25 per cent. of the funds; but they were actually 95 per cent. In the anniversary feasts, the costs of processions, bands,

dressess, ribbon, aprons, and personal decorations have been frequently charged to the general expenses, and in some cases, where separate funds have been raised for the general expenses, it has been contended that these charges were within the scope of such separate funds. The Registrar, however, has recently obtained a decided opinion from the Attorney-General, that no part of the funds raised under 9 and 25 sects. of the Act can be legally applied to any such items, and that the term "incidental expenses" must be reasonably understood, and cannot be stretched to matters unconnected with the main purposes of the Society. This opinion has been widely circulated, and will, no doubt, check these extravagant expenditures, which have undoubtedly led, in numerous cases, to the insolvency and ruin of the Clubs.

6. *Injudicious and speculative investments.*—It is evident that, if Societies are to have reserves for future claims, the investments should only be, like those of the larger Assurance Companies, in public stocks, or loans on real property, debentures, and other first-class securities, and not in trade and other speculations. But from the Clubs being held in public houses, and these generally the property of brewers, the funds accumulated are frequently placed in their hands, and have on various occasions been entirely lost in the fluctuations of trade. Loans to private bankers, manufacturers, building and loan Societies, and similar investments on notes of deposit, or notes of hand, must (however respectable the parties or managers may be) occasionally fail as commercial risks, and involve all the members of a Benefit Club in the ruin of their hopes, leaving some in misery at an age when it is too late to commence saving again, and disheartening others from beginning at all.

7. *The combination of the different risks in a common fund.*—There can be little doubt that, if the three funds for sickness, death and superannuation were kept perfectly distinct, and the accounts carefully recorded, year by year, the members, who may be ignorant even of the first principles of the subject, might take alarm, when they saw a continual diminution of the funds under that head for several successive years, and, perhaps, call for scientific inquiry. But by charging the other funds with the deficiency, the state of the Society may be concealed till it is too late to remedy the mischief, and the Society must dissolve.

Other causes of failure might be stated, but these are the principal ones. It was, I believe to remedy this state of things, that, within comparatively a few years, a certain class of Companies or Societies has sprung up confining their operations almost

entirely amongst the industrial classes, and offering, to a great extent, the very advantages which were wanting in the Clubs which have in so many instances failed. By extending the limits of their risks through their numerous agencies all over England, they equalize those losses which from special causes may arise in a particular locality. By charging sufficient premiums to cover the claims under each head, and having their adequacy certified by competent persons, they have no excuse for refusing payment of claims under slight pretences. They cannot plead the ignorance, which might be pardonable amongst working men, of the necessity of accumulating surplus funds to meet the increased risks of sickness, mortality, and superannuation, as their members grow older, because the principles must have been duly considered before entering on so large a sphere of enterprise. By means of their agents, they may, as readily as in small Benefit Clubs, detect the attempts to convert sick pay in recoverable cases to permanent superannuation payments. They neither receive premiums nor hold any meetings in public houses. Having larger incomes, and larger funds to accumulate, they have a wider range of safe investments open to them, and greater knowledge how to use their opportunities. They have no need, in consequence of their large number of risks, to merge the different classes of risk into a common fund; on the contrary, it would be to their interest to distinguish them.

It is this class of Societies which fear they will be principally affected by the amended Government Annuities Bill, at least as far as regards one department of their business, the payment of sums at death. Every one who either heard or read the Right Hon. the Chancellor of the Exchequer's speech on the introduction of this measure, must have been struck with admiration, not only at his eloquence, but the varied and minute information which, on a subject involving so many technical details, he laid before the House of Commons.

I suppose there are none of us who are not quite ready to admit that the Chancellor of the Exchequer is animated by the purest desire for the public good; that in his denunciation of fraudulent Companies he is actuated by the honourable motive of securing the members of other Companies from loss; and that in this proposition of Government life assurance he has no other aim than to better the condition of the poorer classes of the community. But it is, I think, much to be regretted, that upon mere general evidence of cash receipts and payments, so

many of these Companies should be represented as in worse than a doubtful position. Considering the peculiar nature of the business, the frequent change of members, and the extraordinary increase in the number of their members within a very few years, nothing but a careful valuation of the affairs of each separately could be fairly relied upon to show their present condition. The ordinary rules of a certain proportion of annual premiums in reserve could not be applied even to the larger Assurance Companies without knowing the past history of the progress and regulations of each. How much more difficult would it be to come to sound conclusions on the affairs of Societies so rapidly changing, having risks for which the reserves must depend on the relative magnitude of the different branches of the business, and each of which requires an estimate according to ages, which it is not usual to give in general cash accounts. The alarm and apprehension excited amongst the members of these Societies will, no doubt, spread amongst the members of Benefit Clubs generally.

I do not myself fear that the proposal of the Chancellor of the Exchequer, if confined to assurances under £100, paid by monthly or weekly premiums, will much affect either the larger Companies or these "Industrial Societies," so long as their business is conducted with skill, prudence, and integrity. The latter, it is evident by their great popularity, have filled a place for which they were required, and include frequently the amalgamation of many small Clubs which are unable to stand alone. They still have their department for sick allowances, which, notwithstanding the letter of a reverend gentleman in the *Times*, quoted in the House of Commons, appears to be of too refined a character even for the powerful machinery of the Post Office. They still meet the wants of the working classes by sending their agents from house to house to collect the penny subscriptions as they can be spared. They may save themselves from the frauds and personations to which the Government will be exposed. They may invest their funds at a higher rate of interest, since the Government will, of course, be confined to accumulate in the public Funds; and they will give to their members the privilege of conducting their own affairs, of assembling in public meetings, of turning out managers of whom they disapprove, and selecting others of their own choice. Against this the Government can offer the security of the national resources; but should the effect of this be to touch the pockets of the taxpayers, I apprehend the public would not continue long in opposition to private enterprise.

If, in the meantime, the effect of Government competition is to make all doubtful Companies look into their affairs, to amend all that may be going wrong, and to see that to all their other advantages they can add a security which, I will venture to say, by good management, scientific skill, and strict honour, may, as in the case of many of our existing Institutions, be little short of what Government can offer; then, I not only see no harm, but a vast amount of good, resulting from the Government proposition.

But it would be sad, indeed, if instead of improving and setting on a firm foundation the present Friendly Societies, it simply destroyed them in detail. The great antiquity of these funds for self-help is a proof that they meet the spirit of this people in every age. The changes that have of late years followed a more enlightened legislation, evidence their desire to keep pace with the growing intelligence of the country. The meetings of the members, when conducted in some room of their own, and away from the influence of the public house, encourage that spirit of self-reliance and of participation in public business and in the management of his own affairs, which the working man has a right to in common with the highest classes in the land. And, finally, the good-feelings which in the country bring forth the clergy and gentry, and the manufacturers and employers of labour in towns, to aid with their judgment and advice, but without injudicious interference, the efforts of the working man to better his condition, and, by self-denial in the present, to look forward in the future not merely to a provision for himself, but for his wife and children after him, form a bond of union which has happily united all classes in this Kingdom, and made these Friendly Societies a medium of kindly sentiments, of generous sympathy, and of mutual respect, which would render the total destruction of them, whether by accident or design, a public calamity to this country.

INSTITUTE OF ACTUARIES.

PROCEEDINGS OF THE INSTITUTE.

Fourth Ordinary Meeting, Monday, 29th February, 1864.

The President in the Chair.

Read and confirmed the minutes of the last ordinary meeting.

Various donations to the library were announced, and the thanks of the meeting voted to the respective donors.

The following gentlemen, duly nominated at the last ordinary meeting, were elected members of the Institute, viz.:—

Fellow—John Fraser.

Associate—Griffith Davies.